



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY:

On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), pursuant to 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before [insert date 60 days after publication in the Federal Register].

ADDRESSES: You may submit comments, identified by FR 2420, by any of the following methods:

- Agency Website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: regs.comments@federalreserve.gov. Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room MP-500 of the Board's Martin Building (20th and C Streets, NW) between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer—Shagufta Ahmed—Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235 725 17th Street, NW, Washington, DC 20503 or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public website at: <http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer —Cynthia Ayouch—Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Request for comment on information collection proposal

The following information collection, which is being handled under this delegated authority, has received initial Board approval and is hereby published for comment. At the end of the comment period, the proposed information collection, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

Proposal to approve under OMB delegated authority the implementation of the following report:

Report title: Report of Selected Money Market Rates.

Agency form number: FR 2420.

OMB control number: 7100-to be assigned.

Frequency: Daily.

Reporters: Domestically chartered commercial banks and thrifts that have \$26 billion or more in total assets; U.S. branches and agencies of foreign banks with total third-party assets of \$900 million or more.

Estimated annual reporting hours: Commercial banks and thrifts – 13,750 hours; U.S. branches and agencies of foreign banks – 21,656 hours.

Estimated average hours per response: Commercial banks and thrifts – 1.1 hours; U.S. branches and agencies of foreign banks – 0.825 hours.

Number of respondents: Commercial banks and thrifts – 50; U.S. branches and agencies of foreign banks – 105.

General description of report: This proposed information collection is authorized by sections 9 and 11 of the Federal Reserve Act (12 U.S.C. §§ 324 and 248(a)) and by section 7(c)(2) of the International Banking Act (12 U.S.C. § 3105(c)(2)) and may be made mandatory under those provisions. Individual respondent data are regarded as confidential under the Freedom of Information Act (5 U.S.C. § 552(b)(4)).

Abstract: The Federal Reserve proposes to implement the mandatory Report of Selected Money Market Rates (FR 2420). The FR 2420 would be a transaction-based report that collects daily liability data on federal funds, Eurodollar transactions, and certificates of deposits (CDs) from domestically chartered commercial banks and thrifts that have \$26 billion or more in total assets and from U.S. branches and agencies of foreign banks with total third-party assets of \$900 million or more. The FR 2420 data would be used in the analysis of current money market conditions.

The FR 2420 would collect data for three liability types including federal funds, Eurodollars, and CDs, specifically with the amount of each transaction on the report date, the maturity of the transaction, and the interest rate for each transaction. In addition, as CDs may have floating rates, several additional items are being requested to better understand their interest rate structure.

Federal Funds (Part A) - The federal funds transaction data would be the only source of high-frequency data used in the analysis of current market conditions. Data would be reported for federal funds purchased by domestic offices of reporting institutions on the reporting date. For purposes of the FR 2420, “federal funds” would be defined as all unsecured borrowings of U.S. dollars made to the institution’s U.S. offices at the close of business for the report date except:

- Deposits (as defined on Schedule E of the quarterly commercial bank Consolidated Reports of Condition and Income (FFIEC 031 and FFIEC 041; OMB No. 7100-0036) (Call Reports) and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032)),
- Debt instruments (as defined on Schedule B and Schedule D of the Call Reports and the FFIEC 002),
- Repurchase agreements and security lending transactions (as defined on RC, item 14.b on the Call Reports and RAL, item 4.b.2 on the FFIEC 002),
- Equity (as defined on RC, item 28 on the Call Report),
- Currency and Coin,

- Overdrafts,
- Affiliate and related party transactions,
- Intraday transactions, and
- All forward starting transactions, even when the reporting date is the settlement date.

Eurodollar Transactions (Part B) - There are many similarities between federal funds and Eurodollars, and Federal Reserve monitors and analyzes the Eurodollar market concurrent with the coverage of the federal funds market. At this time, the Federal Reserve has no source of transaction data from the Eurodollar market, so the transaction data collected in this report would be the main source of Eurodollar data for the Desk at the Federal Reserve Bank of New York (FRBNY). In addition, many firms can easily switch between these liabilities. Eurodollar data need to be collected to prevent reporting institutions from booking trades as Eurodollars instead of federal funds to avoid the reporting requirement. For purposes of the FR 2420, “Eurodollar transactions” would be defined as all unsecured liabilities at the close of business in U.S. dollars booked at each non-U.S. office whose total assets exceed \$2 billion at the close of business for the report date. Excluded from Eurodollar transactions are:

- Demand deposits (as defined on the Schedule E of the Call Report) and any deposit placed under sweep agreements or other contractual cash management agreements (as defined in the General Instructions of Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900; OMB No. 7100-0087) instructions),
- Debt instruments (as defined on Schedule B and Schedule D of the Call Report),
- Repurchase agreements and security lending transactions (as defined on RC, Item 14.b on the Call Report and RAL on the FFIEC 002),
- Related Party Transactions,
- Overdrafts,
- Intraday transactions,
- Liabilities to individuals, and
- All forward starting transactions, even when the reporting date is the settlement date.

Eurodollar transactions would be collected only from foreign offices of domestic commercial banks and thrifts and not from U.S. branches and agencies of foreign banks.

CDs (Part C) - Data on CD transactions would provide an alternative source of data for the current daily survey of CD rates conducted by the Federal Reserve. These data would also improve market monitoring capabilities because it would provide CD interest rate information that is not currently available. These data could also provide some optionality for creating a broad-based unsecured dollar rate: the CD rates could be combined with the daily commercial paper rates and the federal funds and Eurodollar rates in this collection. For purposes of the FR 2420, reportable CD transactions would be defined as those CDs that have a term of seven days or more that are booked in U.S. offices in U.S. dollars and denominated in amounts of \$250 thousand or more. Reportable CD transactions would include CDs evidenced by a negotiable or nonnegotiable instrument, or CDs in book-entry form evidenced by a receipt or similar acknowledgement issued by the bank. Unlike federal funds and Eurodollars, CDs may have floating rates. For that reason, the FR 2420 would collect additional data fields for reportable

CD transactions that would be necessary to understand the interest rate structure over the life of each CD. These data items would be:

Floating or Fixed Rate - Respondents would provide values to indicate if the CD has a floating rate or is a fixed rate.

Reset Period - Respondents would provide a value to describe the frequency from the list below for when the rate for the reported CD can reset:

- No Reset,
- Weekly,
- Monthly,
- Quarterly,
- Semi-annual,
- Annual, or
- Other.

Reference Rate - If the CD has a floating rate, respondents would enter a value to describe the reference rate:

- 0 – NA,
- 1 – Federal Funds Effective Rate,
- 2 – Prime,
- 3 – 1 Month U.S. Treasury Constant Maturity Rate,
- 4 – 1 Month LIBOR,
- 5 – 3 Month LIBOR,
- 6 – Overnight Swap Index, or
- 7 – Other.

Negotiability - Respondents would indicate if the CD is negotiable or non-negotiable.

Reporting panel - Since federal funds are the key category for this data collection, the FR 2420 reporting panel would be comprised of commercial banks, thrifts, and branches and agencies of foreign banks. Commercial banks and thrifts with \$26 billion or more in total assets on the September 30 Call Report each year would be required to submit the FR 2420 daily for the following year. This threshold would currently capture the 50 largest depository institutions which would provide sufficient coverage to have a statistically representative sample. U.S. branches and agencies of foreign banks would be required to report daily, if third-party assets are \$900 million or more on the September 30 FFIEC 002. This threshold would currently capture the 105 largest U.S. branches and agencies of foreign banks.

The combined reporter panel would capture 155 banking institutions and would be based on definitions that would cap the panel size at the point of significantly reduced marginal benefits. Using the total federal funds purchased data on the September 30, 2012, Call Report, the combined panel of 155 banking institutions is expected to capture over 80 percent of federal funds outstanding. This would create a relatively small aggregate panel, minimizing the number

of institutions that would be subject to the reporting burden, yet would be expected to capture a significant portion of the targeted transaction volume.

Frequency - The FR 2420 report would be submitted daily. Data collected would be used by FRBNY daily as part of the market monitoring responsibilities. Part of that analysis would be calculating average rates across products and tenors, and following trends in the aggregate levels of transactions. In order to calculate timely effective rates, daily data are needed.

Time Schedule for Information Collection - The FR 2420 is a mandatory electronic report. Respondents would be required to file the FR 2420 daily with the FRBNY by 7 a.m. ET each business day for the preceding day's reportable transactions. There would be a short transition period, during which respondents would be permitted to file their daily data at a later hour. The transition period would provide time for reporters to upgrade their systems to meet these data demands. During the transition period, daily data during for fourth quarter of 2013 would be due no later than 10 a.m. ET the next business day. Daily data for January 2014 would be due no later than 9 a.m. ET the next business day. Data for February 2014 would be due no later 8 a.m. ET the next business day. Data for March 2014 and thereafter would be due no later than 7 a.m. ET the next business day.

Board of Governors of the Federal Reserve System, June 24, 2013.

Robert deV. Frierson
Secretary of the Board.

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